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# Letters

## UK needs to cut benefits system, not education

*From Dr Gerard Lyons.*

Sir, The focus of the debate on fiscal policy needs to shift, as alluded to by Martin Wolf ("How unruly economists can agree", February 26). In the west, the scale of the deficit dominates thinking. In contrast, across many emerging economies the focus is on the areas in which the government is spending. In short, quality versus quantity.

As these are the economies we need to compete with in the future, we should take note. Emerging economies are seeking to rein in stimulus measures, as India's budget last Friday and recent measures in China highlight. But this is not the sole aim of policy. Like many others across the emerging world, there is a

focus on moving up the value curve. South Korea's fiscal boost focused on positioning itself in fusion energy. China hopes to position itself as a leader in future growth sectors. In Singapore, there is talk of discovering a general purpose technology. Meanwhile, across the Middle East many countries are investing in their infrastructure.

The increasingly competitive global climate, where companies need to compete on quality as well as cost, poses a challenge for any government wanting to trim the UK deficit. A credible and timely plan to reduce the budget deficit is needed but it is vital that spending is cut in the right areas. Too often, the temptation is to reduce spending in the least sensitive political areas, but

often these are where public spending can play a vital economic role. The UK has a dismal infrastructure. There needs to be appropriate spending on the hard infrastructure, such as road and rail, and on the soft infrastructure, including higher education and skills.

Amazingly, the past year has seen the government plan to slash higher education spending: wrong thinking, wrong time. It is the benefits system that needs revamping and spending at the bureaucratic centre that needs cutting, not the hard or educational infrastructure of the country.

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